

Message Text

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44

ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 EURE-00 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 PRS-01 SSO-00 INRE-00 NEA-10 /128 W

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O P 021353Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1556

USMISSION OECD PARIS IMMEDIATE

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLIQP

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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PASS FEA

E.O. 11652: N/A

TAGS: ENRG OECD

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SUBJECT: FINANCIAL TIMES ARTICLE ON US FEARS OVER OIL
SUPPLY

1. JUNE 2 FINANCIAL TIMES CARRIES ARTICLE BY ADRIAN HAMILTON CAPTIONED "US FEARS OVER OIL SUPPLY" REPORTING ON INTERVIEW WITH FEA ASSISTANT ADMINISTRATOR MELVIN CONANT.

2. TEXT FOLLOWS:

BEGIN QUOTE A SENIOR U.S. OFFICIAL HAS WARNED THAT THE MAJOR CONSUMERS IN THE INTERNATIONAL ENERGY AGENCY ARE STILL A LONG WAY FROM BEING PREPARED TO MEET A SUPPLY CRISIS WITHIN THE NEXT YEAR.

SPEAKING TO THE FINANCIAL TIMES IN LONDON FOLLOWING THE IEA MEETING IN PARIS, MR. MELVIN A. CONANT, THE ASSISTANT ADMINISTRATOR FOR INTERNATIONAL AFFAIRS, IN THE U.S. FEDERAL ENERGY ADMINISTRATION, ARGUED THAT ANY POLITICAL CRISIS IN OIL DURING THIS YEAR WAS LIKELY TO BE MORE SOPHISTICATED THAN THE PREVIOUS ONE IN 1973/74.

WHILE THE PRODUCERS WOULD PROBABLY EXERCISE MUCH GREATER CONTROL OVER THE DESTINATION OF THEIR OIL, THE CONSUMERS WERE STILL DIVIDED ON IMPORTANT POINTS IN ANY ALLOCATION PROGRAMME AND WERE STILL SOME WAY FROM PREPARING THE KIND OF SHARING MECHANISM SUGGESTED IN THE IEA AGREEMENT OF EARLIER THIS YEAR.

IN PARTICULAR, HE POINTED TO THE EUROPEAN AND JAPANESE DEMANDS THAT OIL COMPANY SUPPLY AND PRICING INFORMATION BE MADE AVAILABLE ON AN INDIVIDUAL COMPANY BASIS IN CONFLICT WITH THE U.S. DESIRE.

THE POINT IS AN ESPECIALLY SENSITIVE ONE BOTH AS REGARDS U.S. POLICY ON COMPETITION AND CARTEL TENDENCIES AMONG OIL COMPANIES AND, HE SUGGESTED, AS REGARDS THE EFFICIENCY OF ANY OIL SHARING AT A TIME WHEN IT WOULD HAVE TO BE THE COMPANIES WHICH WOULD TAKE ON MOST OF THE BURDEN OF ANY OIL DISTRIBUTION AT A TIME OF CRISIS WITHIN THE NEXT YEAR OR SO.

ALTHOUGH THE EUROPEANS, IN PARTICULAR, APPEARED TO BE SEEKING SUCH A DEGREE OF INFORMATION PARTLY FOR TAX AND INTERNAL CONTROL REASONS, HE REASONED, IT WAS LIKELY TO BURDEN THE PROCESS WITH "TONS OF PAPERWORK WHICH FEW HAVE THE EXPERIENCE TO DEAL WITH" AS WELL AS MAKE IT MORE
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DIFFICULT FOR THE U.S. CONGRESS TO APPROVE AN EXTENSION OF THE ANTI-TRUST WAIVERS GRANTED TO THE COMPANIES TO COORDINATE ACTIVITIES ON THIS MATTER.

HE ALSO EXPRESSED "CONSIDERABLE WORRY" OVER THE FAILURE TO DEFINE STOCKS TO DATE AND SUGGESTED THAT, WHILE EVERYBODY WAS VERY ANXIOUS TO RENEW THE DIALOGUE WITH THE PRODUCERS, THE PARIS MEETINGS HAD PRODUCED LITTLE REAL AGREEMENT ON WHAT SUCH MEETINGS SHOULD BE ABOUT.

MR. CONANT'S REMARKS COME AT A TIME WHEN THE U.S. GOVERNMENT APPEARS TO BE FEELING SOME CONCERN OVER THE

WAY IN WHICH THE IEA IS MOVING.

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